

funded, is a good proposal, and I think they could use that method, if they want to proceed in that order. So I appreciate your testimony.

Mr. LINDER. Thank you.

Mr. CLAWSON. Mr. McQuade, on page three of your testimony, at the top of the page, you speak of the exporters in other industrialized countries with which American firms must compete for markets also enjoy a variety of special arrangements to facilities their exports.

I am curious about the special arrangements that some of them are using in order to facilitate these exports.

Would you elaborate or give an example or two of what these arrangements are?

Mr. McQUADE. I think these arrangements are like the United Kingdom "National Interest Fund"—the Canadians have a similar one too—where they reach out beyond their normal terms and standards. Mr. Feer has done a lot of work with the Japanese facility.

Mr. FEER. Just two examples with which we are familiar are the Japanese and French central banks. They provide special discount facilities which give a preferential, lower rate to export paper than to other categories of commercial paper and, therefore, give a special incentive for banks and business to go into the export financing area and to push exports overseas.

Also, in the case of Japan, certain kinds of governmental export financing are extended to their trading partners overseas which help them in pushing their exports.

Mr. CLAWSON. How low do they get in the discount procedure? Do you happen to know what the figures might be?

Mr. FEER. I would rather provide details on other countries' export financing incentives for the record.

Mr. CLAWSON. Will the information you provide for the record be accurate?

Mr. FEER. Yes, sir.

Mr. CLAWSON. What about the rates?

Mr. FEER. The rates, as I recall, might be 2 or 3 percent below the rates on equivalent maturity commercial paper.

Mr. PETTY. I might add the rate itself is not the sole indicator. In many cases the commercial banks—I am thinking particularly of England and France—are required to maintain a percentage of their reserves in certain types of assets, government bonds, and what have you.

They permit guaranteed export paper to qualify under this reserve liquidity requirement. So the rate should be compared to that on short-term government bonds or to the lack of interest earnings on cash reserve deposits, for example.

Mr. CLAWSON. You are telling us then that this paper does qualify for this reserve requirement?

Mr. PETTY. Yes, sir. And I am saying that the rate the paper gets is not itself the sole determinant as to how attractive it is to the commercial bank to participate. There are other considerations.

Mr. CLAWSON. When you provide the information for the record would you give us both the rate and the term?

Mr. FEER. We will be happy to, Congressman.

(The information requested follows:)